



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Result Update @ Dalal & Broacha

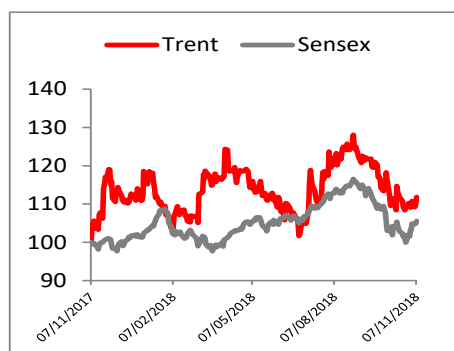
ACCUMULATE

Current Price	329
52 Week Range	Rs 377/260

Key Share Data

Market Cap (Rs.bn)	109.56
Market Cap (US\$ mn)	1500.82
No of o/s shares (mn)	332
Face Value	1
Monthly Avg. vol(BSE+NSE) Nos	117.66
BSE Code	500251
NSE Code	TRENT
Bloomberg	TRENT IN

Price performance



% Shareholding

	Sept-18	June-18
Promoters	32.61	32.61
Institutions	38.65	38.92
Others	28.74	28.47
Total	100.0	100.0

Trent Q2FY19 Standalone Results, slightly below expectations as LTL growth stood at ~4% for Q2FY19

Q2FY19 Revenues increased by 18% YoY to Rs 6159.2mn (also includes Zudio since Oct-2017)

(Like-to-Like **Westside** increased by 4% for Q2FY19 as against a base of 10% (rise) YoY

Overall Westside increased by 14% YoY for H1FY19 {actual figure NA} **Base year H1FY18 Westside had growth of 24%**)

Stores as on date: 135 *Westside* (up from 125 at FY18 end) / 25 *Zudio* (of which 10 standalone {up from 7 at FY18 end} and 15 store-in-store in Trent Hyper Market Ltd)

EBIDTA increased by 20% YoY at Rs 592mn. EBIDTA Margins 9.6% vs 9.5%

•As % to Revenue:

Raw Material stood at 49.2% as against 48% YoY

Other. Expenses decreased by 170 bps to 18.7% as against 20.4% YoY

Rental costs stood at 12.5% vs 12.3% (Stores 135 v/s 114 YoY)

• **Other Income** increased by 6% YoY to Rs 123.7mn

• **Interest cost** increased by 34% YoY to Rs 102.3mn, as the company had taken short-term loans that came with higher interest costs however on a YoY basis overall Debt remains flat at ~Rs 4bn.

• PBT (before exceptional) increased by 17% YoY to Rs 505mn and Tax Rate stood at 34.8% v/s 33%.

Q2FY19 Net Profit increased by 13% YoY at Rs 329mn

H1FY19: Net Sales increased by 19% YoY, EBIDTA margins improved by 20bps to 10.8%, other income was down 35% YoY to Rs 180.64mn that led PBT growth of 10% YoY to Rs 1092mn. Tax Rate stood at 35% v/s 32% YoY, thus PAT grew by 6% YoY to Rs 712.7mn

EPS stood at Rs 2.14 v/s Rs 2.02 YoY

Trent Hypermarket Ltd: Contribution of Private labels continue to move upwards

Valuations on "Consolidated" basis @ Rs 329: 73x FY19e EPS Rs 5 and 50x FY20e EPS of Rs 7.1.

On **EV/EBIDTA** basis the stock trades at 43x and 31x respectively.

Overall the long-term scenario remains intact and the opportunity is huge. Overall Indian Retail Industry is Rs 47 lakh crore market, of which modern retail is only Rs 1.7 lakh crore. This industry (including amazon and flipkart) is growing at 7% YoY thus the growth itself is more than the size of modern retail market size currently Maintain Accumulate for long term

Year	Net Sales	% Growth	EBIDTA	OPM%	PAT	% Growth	EPS	PE (x)	ROE%	ROCE%
FY16	15,893.3	-30.4%	927.8	5.8%	483.2	-14.5%	1.5	244.8	3.3	3.5
FY17	18,124.4	14.0%	1,257.0	6.9%	589.5	22.0%	1.8	200.7	3.8	4.6
FY18	21,574.6	19.0%	2,011.9	9.3%	870.4	48%	2.6	135.9	5.5	7.8
FY19E	26,492.3	22.8%	2,841.0	10.7%	1,619.7	86%	4.9	73.0	9.4	9.6
FY20E	32,931.8	24.3%	3,847.9	11.7%	2,360.2	46%	7.1	50.1	12.4	13.4

Consolidated Financials (Rs Mns) (All no.s as per IND AS from FY16)



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Particulars (Rs Mns)

	Q2FY18	Q2FY19	Growth	H1FY18	H1FY19	Growth
Net Sales	5220.78	6159.21	18%	10162.47	12065.28	19%
Other Operating Income						
TOTAL Operating income	5220.78	6159.21	18%	10162.47	12065.28	19%
Total Expenditure	4727.2	5567.2	18%	9084.1	10763.6	18%
Raw Material Consumed				0.00	0.00	
Stock Adjustment	-85.75	-640.30	647%	11.01	-162.58	-1577%
Purchase of Finished Goods	2590.20	3672.12	42%	4687.34	5888.22	26%
Total Raw Material Cost	2504.5	3031.8	21%	4698.4	5725.6	22%
Employee Expenses	515.54	613.76	19%	990.52	1194.76	21%
Rent and Other Operating Lease	640.05	767.39	20%	1297.92	1512.67	17%
Other Expenses	1067.15	1154.25	8%	2097.29	2330.54	11%
TOTAL EXPENDITURE	4727.2	5567.2	18%	9084.1	10763.6	18%
EBITDA	493.6	592.0	20%	1078.4	1301.7	21%
Depreciation	101.02	108.28	7%	200.98	213.50	6%
Interest	76.38	102.32	34%	159.97	176.83	11%
PBIT	316.19	381.42	21%	717.44	911.34	27%
Other Income	116.81	123.65	6%	277.07	180.64	-35%
PBT Before Exceptional Items	433.0	505.07	17%	994.5	1092.0	10%
Exceptional Items				0.00	0.00	
Share of Profit or loss in associates / JV as per equity Method					0.00	
PBT	433.0	505.1	17%	994.5	1092.0	10%
Tax	142.90	176.00	23%	322.90	379.30	17%
Tax Rate	33%	34.8%	6%	32%	35%	
Extra Ordinary Net of Tax					0.00	
Reported Profit After Tax	290.1	329.07	13%	671.6	712.7	6%
Extra-ordinary Items						
Adjusted Profit After Extra-ordinary item and Excl Inc from Discountinued Operations	290.1	329.1	13%	671.6	712.7	6%
Equity	332.32	332.32	0%	332.32	332.32	0%
Face Value	1.00	1.00	0%	1.00	1.00	0%
EPS (Unit Curr.) (on adjusted PAT)	0.87	0.99	13.4%	2.02	2.14	6%
OPM	9.5%	9.6%		10.6%	10.8%	
NPM	5%	5%		6%	6%	
% to Operating Income						
Total Raw Material Cost	48.0%	49.2%		46.2%	47.5%	
Employee Expenses	9.9%	10.0%		9.7%	9.9%	
Rent and Other Op Lease	12.3%	12.5%		12.8%	12.5%	
Other Expenses	20.4%	18.7%		20.6%	19.3%	
TOTAL EXPENDITURE	90.5%	90.4%		89.4%	89.2%	



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